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SUBJECT: TURKEY: BIMONTHLY SOUTHEAST ECONOMIC NEWSLETTER

GAZIANTEP - ALEPPO RAILWAY INAUGURATED THROUGH COBANBEY BORDER GATE

The completion of an extensive demining project in Kilis province's Elbeyli district allowed for the establishment of Turkey's third railway gate with Syria at the Cobanbey border post, reopened on December 22, 2009, after 28 years. The Cobanbey gate will be used for rail transportation only, and not for vehicular or pedestrian border crossings. Kilis Chamber of Commerce and Industry Secretary General Murat Sakar said trains now run twice a week between Gaziantep and Aleppo, a journey that takes about three hours one way. The reciprocal lifting of the visa requirement between Turkey and Syria has stimulated tourism in Mersin, Adana, Hatay and Gaziantep provinces. Chambers of Commerce and local tradesmen are seeking ways to promote shopping as a tourism product for visiting Syrians, as well as increase rail cargo services to boost exports to the Middle East.

BESIKTAS GROUP ABANDONS SHIPYARD PROJECT IN ADANA'S FREE ZONE

Citing the effects of the global economic crisis, Besiktas Group, a company active in shipbuilding, repairs and maintenance services, abandoned its ambitious shipyard project in the Adana Free Zone. Adana's Yumurtalik Free Zone Manager Muharrem Pusat said the Group had rented an area of 320,000 square meters in early 2008 and had concluded a costly environmental impact assessment in what would have been the largest maintenance and repair shipyard in the Mediterranean. This is the fourth shipyard project in as many years to be cancelled in the Yumurtalik Free Zone, after a reported total of \$2 million was spent on environmental assessments. Pusat said the Ugursan Shipping Group and Tersan Tersancilik companies continue to pursue investments in the zone, however. Mersin Chamber of Shipping President Cihat Lokmanoglu said the cancellations are not surprising given high costs associated with the investment, in particular when the shipyard market in Turkey is saturated and existing enterprises are struggling. Lokmanoglu noted shipping and shipbuilding are the first sectors to be hit in a global economic crisis.

KILIC HOLDING OPENS TURKEY'S LARGEST FISH-PROCESSING FACILITY IN KAHRAMANMARAS

Kilic Holding, a Mugla province-based company, has opened Turkey's largest fish-processing facility in Kahramanmaras province. According to local reports, the investment cost 14 million euro, employs 80 people and has a daily production capacity of 50 tons. Kilic Holding Kahramanmaras Director Cenk Arzumani said the facility is the second largest in Europe. Kahramanmaras Industrialists and Businessmen Association President Kadir Kurtul said the province managed to increase its year-on-year exports 12 percent in 2009, thanks to alternative markets. Kurtul said Italy ranks first with \$116 million, Brazil ranks second with \$32 million, followed by Germany, Syria and Poland.

MERSIN TECHNOPARK LAUNCHES HIGH SCHOOL ENTREPRENEURSHIP PROGRAM

Mersin Technopark's "grow with your idea" contest, aimed to foster entrepreneurialism in youth between ages six and 14, is among the invitees to the European Year of Innovation and R&D. Technopark Manager Ozgur Durmaz said her team travelled to Sweden on December 15 to talk about their contest, noting hers was the only project at the event. Mersin's Technopark is currently working to expand the project to include all high school students in Mersin province.

DUTCH NOBLE GROUP PLANS PORT AT CEYHAN

After conducting feasibility studies in Greece and Libya, Dutch Noble group has chosen Ceyhan in Adana province to build a new port on 3,000,000 square meters of land in the Energy Specialty Zone. The projected facility would have an oil storage capacity of 1 million tons. Feasibility studies will conclude in the next month, according to a business contact, resulting in an investment of 2 billion euros that would create employment for 1,000 people.

DIYARBAKIR BUSINESS CHAMBERS DISAPPOINTED INCENTIVES LAW NOT RENEWED

Despite public promises made by Prime Minister Tayyip Erdogan, State Minister Ali Babacan announced January 14 the government would not extend the "5084 incentive law," a financial incentive package for companies in "priority" regions in the southeast. Law 5084 came into effect in 2004 and expired on December 31, 2009, and covered 49 provinces in Turkey with a per capita income below \$1,500. The law included special advantages such as reductions in income taxes as well as social security premiums for employees, energy support, and free allocation of

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land. Babacan said despite the cost of \$1 billion to the government, social security premium support for new employees would continue until 2013, but the government would no longer subsidize energy costs. Land grants would continue on a case-by-case basis under the new law. Diyarbakir business leaders are disappointed the law was not extended, citing it as a major factor in the development of the province's nascent industrial sector. Diyarbakir Industrialists and Businessmen Association President Raif Turk said almost 30 businesses had been established under 5084 and predicted a halt in progress under the current legal regime. Southeast Industrialists and Businessmen Association President Sahismail Bedirhanoglu said Diyarbakir deserves extra support given its ranking of 63 out of 81 provinces in terms of socio-economic development.

MERSIN CHAMBER OF COMMERCE TO HOST PROMOTIONAL FAIR IN DAMASCUS

Aiming to develop trade with new markets and neighboring countries, Mersin has set its eyes on Damascus. Mersin Chamber of Industry and Commerce President Serafettin Asut said he is organizing the first "Mersin Days" promotional fair in Damascus in February 2010. A special committee has been convened to identify the market potential and Syrian import opportunities. The fair will advertise the cuisine and natural resources of Mersin province, as well as economic advantages such as the port and Free Zone.

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